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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## MANY LOCAL GRAIN-HANDLING ASSOCIATIONS

Two-thirds of the farmers' grain elevators now functioning were organized during the ten years beginning with 1912, according to information collected by the United States Department of Agriculture. Years of organization have been tabulated for 3,401 active local cooperatives formed for handling grain. The oldest of these was formed in 1886 at Watson, Minn., and the youngest in 1927. Eleven of the associations were formed before 1890 and 57 before 1900. Only 314 of the total number were organized during the seven years beginning with 1921.

The period of greatest activity was the five years 1916, 1917, 1918, 1919 and 1920. During that period 1,495 associations began operating, 44 per cent of the total number. Of the five years, 1919 was the most important in regard to the starting of new enterprises, as 404 associations were organized. This number is nearly 12 per cent of the total number active today. Other years in which large numbers of associations were formed and the number credited to each were: 1920, 342 associations; 1916, 266; and 1918, 259.

If the 316 enterprises now out of business, which were active for various lengths of time between 1886 and 1927, and for which birth and death records are available, are included, the concentration of births during the five years 1916-1920 is more marked than when only the associations now active are considered.

The 316 associations now out of business had an average length of life of 7 years. One association functioned for 35 years; 14, for 20 years or longer; and 78 associations were active for 10 years or longer.

The largest number of deaths among the 316 occurred in 1922, the next largest number in 1924, then 1923 and 1925, which are credited with the same number for each year.

When figures for other than local enterprises are combined with those given above, the percentages are changed but slightly. The greatest activity in the formation of large-scale grain associations occurred during the three years beginning with 1920.

### PRUNE AND APRICOT GROWERS CONSIDERING REORGANIZATION

At the semi-annual membership meeting of the California Prune and Apricot Growers' Association, San Jose, held November 9, the management of the organization stated that 7,953,861 pounds of apricots of the 1927 crop had been delivered for marketing. Apricot pits to the amount of 2,044,721 pounds had been sold. Prune deliveries for the season were estimated at 100,000,000 pounds. A resolution was adopted to the effect that a committee of five be appointed to consider plans for the reorganization of the present association at the expiration of its present marketing agreement period.

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### CALIFORNIA PEACH GROWERS MUST READJUST

Attention is called in the sixth annual report of the activities of the California Canning Peach Growers, San Francisco, to the fact that the year 1927 was "a year without profit to growers of canning peaches," as the big pack of 1926 had more than supplied the demand for that season. The management of the organization points out that if the proper balance between supply and demand is to be restored it will be necessary either to "reduce the supply to fit the demand or increase the consumption through the medium of advertising and other means, or a combination of both." The management further says, "it is both practical and sound to reduce production to the extent of eliminating the undersirable part of the crop by strict grading" and concludes that "the growers' interest (in a crop) does not cease until the canned product is finally consumed."

This association is chiefly a price-bargaining organization. Each year the management negotiates a price per ton to be paid to the peach-grower members by the private firms engaged in packing and marketing the crops. The 1926 pack amounted to 13,684,000 cases with a price to growers of \$40 for No. 1 cling peaches and \$20 for No. 2; the 1927 pack amounted to 10,829,681 cases with a price of \$22.50 for the No. 1 fruit.

The association has a small quantity of fruit packed each year which it markets itself. In 1924 the association pack amounted to 267,713 cases, in 1925 to 353,589 cases, in 1926 to 334,000 cases, and in 1927 to 324,883 cases. The report states that 70 per cent of the association's 1927 pack has been sold already.

The expense of operating the association for the 1927 season was \$74,397, which was \$35,560 less than the income. Reserve for working capital on November 15, 1927, amounted to \$197,870. This was made up of amounts withheld from the crops of 1924-1927. The "withhold" from the crop of 1923 was returned to the growers in March of 1927. The "withholds" amount to 5 per cent of fruit sales and are returned at the end of three years.

The present membership of the association is 1,453, representing 19,028 acres of peach trees.

### ALABAMA TRUCKERS HAVE THEIR OWN MARKET

An organization which has made a rapid development is the Jefferson County Truck Growers' Association, Birmingham, Ala. Starting early in 1921 to meet marketing conditions which had become "Unbearable," the association secured a market place and began operations. In two years it had outgrown its original location and purchased a larger site and built a warehouse. In less than four years it had again outgrown its market and was obliged to seek larger accommodations. Now it occupies a ten-acre lot adjoining the wholesale produce district, and the business transacted is said to amount to a million dollars a year.

The membership grew from 149 in 1923 to 397 on September 24, 1927, at which time 449 nonmember farmers had market permits, making a total of 846 farmers selling their produce on the market of the truckers' association.

Considerable sums have been saved each year by buying cooperatively for the members, fertilizers, fruit trees, fruit baskets and crates, twine, seed, and other requirements. The volume of cooperative buying is given as follows for the several years: 1923, \$6,086; 1924, \$23,525; 1925, \$28,120; 1926, \$31,072; 1927, year ending May 31, \$44,653.

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### MANY BEET GROWERS JOIN ASSOCIATION

Since July of last year 1,955 new members have come into the Mountain States Beet Growers' Association, Sterling, Colo., and the membership at present is 4,148, representing approximately 150,000 acres, ranging from 5 to 800 acres per member. Of the 13 local districts the Eaton district has the largest membership, 554, and the Longmont district has 524.

One director from each district and three directors at large constitute the board, the chief function of which is "To endeavor to negotiate a fair and reasonable contract" for the sugar beets to be marketed by the members. However, the association finds many problems to solve besides negotiating a contract. The management states that it attempts to render any service that will further the interests of the growers.

Much consideration has been given to the matter of tare. An inspector has visited the dumps in each district and made a report to the general office. From these reports the management hopes a uniform, systematic method of taking just tares may be worked out.

The association is rendering a new service to its members in the publication and distribution of the "Mountain States Beet Grower." This monthly paper is sent to all members and to all libraries and colleges in the beet district, to a number of universities, and also to the general sugar press.



### THIRD YEAR'S WORK OF CALAVO GROWERS OF CALIFORNIA

Growth which was so sudden as to be "almost explosive" is reported by the Calavo Growers of California, formerly California Avocado Growers' Exchange, Los Angeles, for the year ending December 31, 1926. In the five months from July to December of 1926, monthly production increased from about 17,000 to nearly 100,000 pounds per month. This necessitated rapid increase in shipments and the development of new departments to direct the activities and cope with the problems constantly arising.

A traffic department was organized January 8; an advertising department began functioning August 10; a field department was created October 1; a research department, November 15; and a legal department, December 31.

Through the efforts of the field department the membership increased from 163 with an acreage of 1,931, to 385 with an acreage of 2,767. Local groups now are being formed to handle local problems and keep members in close touch with the central organization. The field department is also actively working to standardize the product and aid in enforcing the standardization law. Work has been begun in furnishing orchard supplies to growers.

Among the problems which have occupied the attention of the research department are the establishment of grades; studying the best methods of packing, precooling and refrigerating fruit for shipment; stamping the fruit with the word "Calavo"; determining the oil content; experimenting with methods of preserving, and determining possible by-products.

Exhibits in many cities have been conducted by the advertising department to familiarize consumers with the value of the avocado as a food product. Several of these exhibits were made in connection with other exhibitions or at conventions, and quantities of literature were distributed. Early in the year the board of directors decided to adopt the name "Calavo" as the trade name for the finest quality of California avocados. This name, it is reported, has proved to be a desirable one in the markets and the name of the organization has now been changed to the Calavo Growers of California. "Fino," "Bueno" and "Gusto" have been adopted for fruit somewhat below the standard for the "Calavo" brand. Newspaper space, dealer helps, recipes, leaflets, and other means, have been used to advertise the fruit.

Net sales of fruit for the year amounted to \$179,820, of which the growers received \$122,152. Excess of income over expense amounted to \$4,733. The quantity of fruit sold through the Exchange was 483,046 pounds; the quantity sold under permit was 42,454 pounds; total quantity sold by Exchange members, 525,500 pounds. F.o.b. selling price per pound, including culls, Mexican fruit, was 35.177 cents; and the selling cost was 5.885 cents. New York, Chicago, Boston, and Washington were the chief points to which fruit was shipped.

### DAIRYMEN'S LEAGUE ACQUIRES PLANTS IN FOUR COUNTIES

Nine country plants and the business of a dairy company which has been a large buyer of pool milk, were purchased on December 1 by the Dairymen's League Cooperative Association, New York City. Three of the plants are located in Dutchess County, four in St. Lawrence County, and one in Delaware county. All nine are in operation. One is equipped for manufacturing powder and condensed milk during the surplus season, and others are equipped for bottling. A plant in Seneca County, which is a fluid-milk shipping station, was also taken over on December 1.

The League is offering to purchase during the present month \$250,000 worth of Series B certificates, at par and interest to December 1.

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### CANADIAN ASSOCIATION ADOPTS NEW PLAN FOR PAYMENT

Members of the Fraser Valley Milk Producers' Association, Vancouver, B. C., are to receive pay for their skim milk in addition to the payments for butterfat. This decision was reached at a recent meeting of the board of directors after much deliberation, many consultations with members, and a systematic calculation of the value of the skim milk. Twice in the past year the directors have visited each of the 22 local units, thereby becoming better acquainted with many of the 2,675 members and also giving those members an opportunity for passing on the proposed plan for payment other than on a butterfat basis. An overwhelming majority of the members at the meetings were emphatically in favor of the new method of payment. A rate of 35 cents per 100 pounds was decided upon by the board as the value of the milk for manufacture into powder, casein, and other products.

This milk association started in business 11 years ago with a capital of \$12,000, which has now reached the sum of \$1,037,547, with no outstanding loans to banks, and with all interest on the bonds and shares provided for.

A comparison of the volume of business handled in the first nine months of 1926 and 1927, is given below:

First nine months	Butterfat handled	Butterfat retailed	Fluid milk wholesale*	Evaporated milk*	Butter made*
	(Pounds)	(Pounds)	(Pounds)	(Pounds)	(Pounds)
1926	2,957,613	748,090	756,985	288,391	808,660
1927	3,159,076	682,962	773,587	233,234	1,111,167

\* In terms of butterfat pounds.

### BUTTER AND CASEIN SOCIETIES IN FRANCE

"Cooperative Butter-Making and Casein Societies in Charentes and Poitou" (France) are described in the November issue of the International Cooperative Bulletin. The first of these societies, the Cooperative Butter-Making Society of Chaille, began operations January 13, 1888, "with 60 members and very rudimentary utensils." Each producer brought his milk to the society where he skimmed it himself. The statement is made that while the butter was not so good as that which is made every where to-day, it was very much better than that which had previously been made on isolated farms. As better prices were realized for the improved product, the membership increased to 162 by the end of the year and the primitive apparatus was replaced with mechanical machinery.

This first organization was soon followed by others and the movement continued to spread. A few statistics for the societies of the two districts of Charentes and Poitou, in central western France, are given below:

	1890	1900	1925
Butter making societies	19	98	130
Number of members	4,380	48,850	79,000*
Milk used (litres)	14,174,200	151,000,000	415,000,000
Butter produced (kilos)	690,000	7,293,000	18,600,000**

\* Possessing 243,000 cows.

\*\* Value 340,000 francs.

In 1923 an overhead organization, the Central Association of Cooperative Butter-Making Societies of Charentes and Poitou, was formed and proceeded to organize a school of butter making at Surgeres, to provide educational lectures on the production of milk, inspection service for factory premises, and refrigerator wagons for transporting butter. The Central Association built an ice factory to refrigerate the wagons. The inspection service even goes so far as to penalize members who allow weeds to grow in their fields which would give an unpleasant flavor to milk.

In order to utilize the skim milk to better advantage the casein societies were developed, the first being organized in 1912. In 1926 the 37 affiliated casein societies sold 3,267,219 kilos of casein for 26,233,842 francs.



### WHY MEMBERS WITHDREW FROM STAPLE COTTON ASSOCIATION

After two years' experience the Staple Cotton Cooperative Association, Greenwood, Miss., considers the adoption of a withdrawal privilege a "successful experiment." This association was one of the first of the recently organized large-scale associations to amend its contract to permit voluntary withdrawals, at a stated time each year, with no penalty attached. While members are asked to state their reasons for leaving the association, they are not required to do so. The reasons given are studied, tabulated, and the results published, with the conclusion that "On the whole, about the only reason omitted is the important one commonly designated 'human nature,' which should really be substituted for some of the reasons actually set down."

During the 1927 withdrawal period 162 members left the association, with a contract baleage of 30,177. By November, 29 of these had rejoined the organization, with a contract baleage of 7,059, and 146 new members had been received since August 1, with a contract baleage of 19,807, thus practically offsetting the withdrawals, both as to numbers and baleage. At present the membership stands at 1,941 with a contract baleage of 215,522, which is said by the management to be very close to the peak for membership, but slightly under the highest contract baleage.

From the analysis of the reasons for withdrawal of members for 1927, the following have been selected: Thirty-two stated that financial arrangements would not permit, and seven had quit farming. Practically one-third of the entire baleage withdrawn was covered by these two groups. Ten members gave the reason that they had failed to receive finance from the Discount Corporation; eight said distribution of returns was too slow; six said they could not satisfy tenants; six wanted quick liquidation; six considered the charges too high-- Option 4; five wanted to try selling their own cotton; five withdrew on mortgagees' request; four were financially unable to pool; four mentioned general dissatisfaction; four rented land, no control; four were unable to obtain statement; three said landlord objected; three were unsettled and might rejoin; three others believed they could sell to better advantage than the association; and many similar reasons were given by one or two growers.

The management of the association is firmly convinced that freedom of action in regard to withdrawal is not only just to the member but is also a very real asset to the association as it makes for a satisfied membership. Withdrawing members are constantly coming back, it is reported. Others state they are coming back as soon as they possibly can, indicating that they begin to appreciate the service rendered. "The right to quit if he wants to quit, brings us more members than it loses. and they are better satisfied."

### REFUNDS BY TEXAS COTTON GIN

Refunds amounting to \$47,603 have been made to member cotton growers by the Farmers' Cooperative Society, Quanah, Texas, during the past three years. This association was formed in 1922 for the purpose of establishing and operating a cotton gin. A five-stand gin with eighty saws was erected and equipped at a cost of \$34,000. During the 1922-23 season 2,106 bales of cotton were turned out. The output for the three succeeding years was as follows: 1923-24, 2,010 bales; 1924-25, 4,482 bales; 1925-26, 5,442 bales. By 1926 the membership of the association and the quantity of cotton to be handled had increased to a point where a second plant was necessary and a new gin of the same capacity as the old one was erected at a cost of \$35,000. During the 1926-27 season 8,270 bales of cotton were ginned. This was an increase in volume of output of more than 50 per cent.

Since the beginning of the 1924-25 season more than \$47,600 has been returned to the cotton growers in patronage refunds as follows: 1924-25, \$7,083; 1925-26, \$24,708; 1926-27, \$15,810.

In addition to ginning cotton the association is engaged in the marketing of cotton seed obtained from its members. At the present time about 300 members are served by the association.

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### ANOTHER BIG PAYMENT FOR BURLEY TOBACCO GROWERS

Final payment for tobacco of the 1923 crop, amounting to approximately \$6,000,000, was made to members of the Burley Tobacco Growers' Cooperative Association, Lexington, early in December. The distribution went to growers in Kentucky, Ohio, Indiana, West Virginia, Tennessee, Missouri, and Virginia.

The 1923 crop was the largest of any handled by the association, the deliveries amounting to about 245,000,000 pounds. In addition to being the largest crop it was the hardest to sell, containing a great deal of red tobacco, and it was only recently that the last was sold.

As usual, each check for final payment was accompanied by a detailed statement of the business of the association in connection with the particular crop. Prices received for the 1923 tobacco ranged from \$5.85 per 100 pounds to \$35.40. The financial statement shows that expenses connected with the marketing totalled \$4,906,143, or \$1.997 per 100 pounds. Some of the items making up this total were as follows: executive officers and directors, 3 cents per 100 pounds, receiving house expense, 11.4 cents; prizing tobacco, 16.3 cents; grading department, 10.5 cents; general office, 8 cents; Burley Tobacco Grower, 1.6 cents; community organization, .4 of a cent; etc.

With this payment and prior to the opening of the 1927 market, the association had distributed about \$12,500,000 to its members this fall.

### WALNUT ASSOCIATION HAS LONG RECORD OF WORK

Thirty-one years of activity is the record of the Saticoy Walnut Growers' Association, Saticoy, Calif., one of the local units of the California Walnut Growers' Association, Los Angeles. Incorporation was effected August 29, 1896. Available figures regarding membership show that there were 45 members in 1913, 83 in 1918, 100 in 1920, and in 1925 the number had crept to 114. Figures showing receipts and sales of walnuts in recent years are given below:

Year	Receipts of walnuts (Pounds)	Sales
1921	4,556,846	\$1,015,319
1922	6,677,534	1,453,904
1923	5,833,931	1,224,199
1924	4,943,459	1,124,734
1925	8,134,136	1,690,316
1926	2,528,940	591,647

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### PEANUT ASSOCIATION BUILDS NEW WAREHOUSE

A new warehouse in Suffolk has been completed and opened recently by the Peanut Growers' Association, Norfolk, Va., representing an investment for the land and building of approximately \$16,000. entirely paid for from deductions from the 1926 crop of peanuts. This is said by the management to be one of the best constructed warehouses in the city of Suffolk and altogether a proposition of which the members of the association can be proud. The land purchased affords space for building four or five other warehouses of similar size and capacity, and plans are being made to establish a reserve fund for buying or erecting a cleaning plant when a volume of peanuts is secured sufficient to justify such action. However, the management feels that it has never yet been able to demonstrate the real value of cooperative marketing, due to the small proportion of the total crop which it has received for handling. A membership campaign is now being carried on.

Due to market developments the association has felt justified in raising the advance on Jumbos one-fourth of one cent per pound, making the advances of No. 1 Jumbo stock, 4 cents; No. 2 Jumbos,  $3\frac{3}{4}$  cents; and No. 3,  $3\frac{1}{4}$  cents. This advance of 4 cents on No. 1 Jumbos is equivalent to 76 per cent of the price of  $5\frac{1}{4}$  cents on this grade.



### PICTURES OF LAMB AND CATTLE POOLS AVAILABLE

"Cooperative Feeder Cattle and Lamb Pools" is the title of a new lantern-slide series illustrating the operations of the feeder cattle and lamb pool as conducted by the large cooperative livestock marketing associations. The series supplements technical bulletin, "Cooperative Marketing of Livestock in the United States by Terminal Associations," now in press. It was prepared from pictures obtained specially for this purpose. Ninety-four pictures are included in the set with explanatory notes for presenting the subject. Copies of the series are available from the Office of Cooperative Extension Work, U. S. Department of Agriculture, Washington, D. C.

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### INCREASED TRUCKED-IN BUSINESS AT NATIONAL STOCK YARDS

Growth of trucked-in business has been increasing rapidly at the National Stock Yards, as reported by the management of the Producers' Livestock Commission Association, East St. Louis. Shipping associations near the market are facing a new problem because of the increased use of the truck. Among the arguments advanced by those who favor this method of delivering stock, are the following: (1) The shrink in transit is less, (2) farmers are sure of reaching the market in time to sell the same day, (3) trucks are loaded right on the farm without the necessity of driving the stock to the railroad station, (4) farmers can ship any day they choose and do not have to wait for neighbors.

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### CAMPAIGN TO FURTHER COOPERATIVE LIVESTOCK MARKETING

A campaign to promote cooperative livestock marketing among the farmers of Ohio, was begun on October 1, 1927, by the Ohio Livestock Cooperative Association, Columbus, and is to be carried on "until every Ohio farmer is producing and marketing livestock most advantageously." An outline of the plan shows a long list of purposes and methods of procedure. Some of the purposes are as follows: To assist in solving the problems of livestock production and livestock marketing; to strengthen county and local associations and improve service to stockmen; to increase the volume of stock marketed cooperatively and thus strengthen the bargaining power of the stockmen; to inform stockmen of market requirements of quality, grade and weight, also of the accomplishments of cooperative effort and to point out the possibilities of further development through cooperative livestock marketing; to inform farm boys and girls of the plans, accomplishments and possibilities of cooperative livestock marketing; to inform urban business men of the accomplishments and benefits of cooperative endeavor.



REPORT OF A NORTH DAKOTA SEED GROWERS' ASSOCIATION

In the year ending July 31, 1927, the Grimm Alfalfa Seed Producers' Association, Fargo, N. Dak., sold alfalfa seed to the value of \$90,739; sweet clover seed to the value of \$62,054; flax seed, \$5,132; screenings, \$554; total sales, \$158,480. Receipts for cleaning and scarifying were \$13,676. The gross income for the year amounted to \$15,668 and net expense was \$9,988. A surplus of \$5,290 resulted from the year's activity.

The alfalfa pool contained 260,830 pounds of seed, more than one-half of which was graded No. 1, and the sweet clover pool contained 456,259 pounds of seed, three fourths of which was graded No. 1.

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ARIZONA ASSOCIATION MARKETS HAY, GRAIN AND ALFALFA SEED

"Quality hay, up to grade" is the slogan of the Roosevelt Hay Growers, Phoenix, Ariz. This farmers cooperative marketing association was formed in 1922 for the purpose of developing markets and distributing the surplus hay of the Salt River Valley. A five-year contract was signed by about 300 hay growers and sales offices established. After being cut, cured and baled by the grower the hay is delivered to the association, is graded and weighed, after which advances amounting to about 70 per cent of market value are made to the growers. As sales are consummated further advances may be made. All hay of like kind and quality is pooled and settlement with the grower is made on the basis of the average price resulting from all the hay in a pool. The expense in connection with the marketing is divided into direct expense and selling expense. Direct expense includes insurance, interest, storage, and grading; and selling expense consists of the expenses incident to the operation of the association and of making sales.

During the first five years of the association's existence a deduction of 2 per cent of the gross sales was made for use as working capital. This reserve is returnable to the growers at the end of the five-year period.

In addition to marketing the surplus hay of the region the association handles the surplus grain, it having absorbed the Arizona Grain Growers, which organization was formed in 1922. Alfalfa seed is another product handled. In 1925 more than a million pounds of seed was marketed, and an equal amount for 1926. A plant has been established with modern machines for the cleaning of alfalfa seed.

Money for financing the association is obtained from local banks and from the Federal Intermediate Credit Bank of Berkeley, Calif., about \$300,000 being required annually.

The territory served by the association is divided into districts with representatives from the various districts on the board of directors.

### COORDINATION OF PRODUCERS' AND CONSUMERS' SOCIETIES

A report on "The Relation between Agricultural and Consumers' Co-operative Societies," was duly considered and adopted by the International Cooperative Congress which met in Stockholm in August. Among the recommendations of the report were the following: That the exchange and trading relations between the agricultural and consumers' societies should be further developed; that both types of societies should so arrange their administration that the products which they offer should bear a minimum charge for expense; that for the attainment of special objects, mixed committees, or undertakings jointly administered, should be established; that joint institutions of education and cooperative instruction should be encouraged so far as expedient; that efforts should be made in every country to secure the triumph of the cooperative idea in the sense of a united community that will safeguard the interests of all; that the two forms of societies should jointly defend the cause of the societies in matters of legislation and administration of justice.

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### MANITOBA COOPERATIVES HOLD CONFERENCE

Representatives of the seven major cooperatives in Manitoba met in Winnipeg on November 15 to discuss plans for coordinating the cooperative movement of the province. The conference was called on the initiative of the Manitoba Wheat Pool, and the other organizations represented were the Manitoba Cooperative Dairies, the Manitoba Cooperative Poultry Marketing Association, the Manitoba Cooperative Livestock Producers, the Canadian Cooperative Wool Growers, the Portage la Prairie Farmers' Mutual Insurance Company, and the Wawanese Mutual Insurance Company. The United Farmers of Manitoba, the United Farmers of Canada, Manitoba Section, and the Manitoba Cooperative Marketing Board were also represented.

At the first session each delegate gave a brief description of his organization and spoke of the problems encountered. In the afternoon there was a discussion of ways and means of preventing overlapping in the field work of the various organizations. The delegates agreed that each should be a support to the others and that the field men should use every opportunity to commend the objectives to all the cooperators.

The conference decided to have a consultative committee, made up of one representative from each cooperative, to meet from time to time to devise plans for the promotion of the cooperative movement in the province. The conference further agreed that there should be one farmers' organization for educational purposes in the province, which should be distinct from and independent of the other cooperatives, but co-operating with and serving all of them.

LIABILITY OF MEMBERS OF UNINCORPORATED ASSOCIATION

A number of growers of sweet potatoes took steps with a view to forming an incorporated cooperative association for the purpose of engaging in the business of curing and preserving potatoes. No corporation was formed but persons selected as officers of the association by those interested in forming it executed two promissory notes in the name of the Ashdown Potato Curing Association, signing their own names as president and secretary, respectively. Each of the notes was for \$1,000. The money was used for building a potato curing house. The venture failed. In connection with the project, subscription lists for stock were circulated. A suit was instituted on the notes against the two officers of the association and against about 60 other persons who were alleged to have been interested. The question for decision was, who are liable on the notes? The Supreme Court of Arkansas, (Harris v. Ashdown Potato Curing Ass'n., Ark., 284 S. W. 755) in passing upon this question said: "It was a voluntary, unincorporated association, in effect a partnership, and .... the only question in the case was the identity of the persons who composed the association at the time the notes in suit were executed." In other words, the court held that all parties who were members of this unincorporated organization at the time the notes were executed were liable thereon. In this connection the court said:

The court also erred in giving a preemptory instruction in favor of appellees Davis and Wood. These parties did not sign the subscription list, but they subsequently attended the meeting, bought shares of stock, and executed notes for the amount subscribed. The question should have been submitted to the jury whether these parties participated in the organization of the voluntary association so as to make themselves members.

L. S. Hulbert.

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SOME RECENT STATE STATUTES AFFECTING COOPERATION

During the current year the State of Wisconsin passed an act authorizing the filing of marketing contracts of cooperative associations and providing that upon the filing of any such contract it should constitute notice of its terms and conditions so that third persons would thus be notified in law of the rights of the association to the products involved.

The legislature of New Mexico also adopted a statute authorizing the recording of the marketing agreements of cooperative associations which specifically provides that those who acquire liens on products covered by such contracts subsequent to the recording of the contracts



must permit the marketing of the products through the association. "The association must within 12 months from and after the date of the delivery of a crop sell such crop or a similar crop and make payment to lien holders out of the proceeds of such sale after deductions as provided by the marketing agreement." The act further provides that no association shall "in any case be liable for a greater amount than the net proceeds of the sale of any crop less deductions as provided by the marketing agreement." In addition, before any association may obtain the benefits of the act it is required to execute a bond (minimum, \$50,000, maximum, \$100,000) for the protection of lien holders.

The State of Texas adopted a statute requiring agricultural and livestock pools to file on the 1st of January, April, July, and October of each year, with the Commissioner of Agriculture, a sworn statement showing the amount of business done, the number of negotiable receipts on which loans have been made and the values of such commodities, the total of all such loans, the total of all the obligations of the pool, to whom due, and the amount of interest being paid on same, the quantity or number of sales made for clients, the gross receipts of such sales, the amount of commissions charged thereon, and the number and value of all livestock mortgages and other securities.

The State of Wisconsin passed a statute authorizing the Department of Markets of that state to investigate the management of any co-operative association doing business in that state and to make the facts relating to said management available to the members of the association, provided that a request for such investigation signed by the whole board of directors or by at least 20 per cent of the members in the case of associations of less than 500 members, and by at least 100 members in the case of associations of 500 or more members, is submitted. The Department of Markets is authorized to charge a uniform fee for such investigations of not to exceed \$10 per day.

The State of Pennsylvania has adopted a statute which relieves the treasurers of cooperative agricultural associations not having capital stock and not conducted for profit from reporting to the auditor the the amount of indebtedness of the corporation owned by residents of the state, and also from the duty of deducting a tax of four mills on every dollar of the interest paid on this indebtedness for transmission to the state treasury. By another statute of Pennsylvania such associations are exempted from the annual payment into the state treasury of a tax at the rate of five mills upon each dollar of the actual value of its whole capital stock of each kind.

L. S. Hulbert.



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### MEMBERS NEED FACTS AND STILL MORE FACTS

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Loyalty to and support of a cooperative depend upon what members think about the organization. Their thinking is the result of previous information or misinformation obtained from conversation or reading and from experience with the management of the enterprise. Much information detrimental to an association is apt to be placed in circulation regarding it. In the absence of other information, members sooner or later come to believe these detrimental reports and to be guided quite largely by what they believe are the facts. Thus it is that the important factor in membership relations is what members think are the facts, rather than what they really are.

Cooperative managements, therefore, need to consider whether they have adequate channels for giving information to their members and whether these channels are functioning satisfactorily. If the channels extending from an association to its membership are not open, the reason for this situation must have immediate attention. Cooperatives that propose to endure need to give thought to discovering what their members are thinking. If this thinking is not in keeping with the real facts, then the real facts will have to be given to the membership, or the membership may fail to react favorably to the association.

Secrecy is bad policy. Members often get notions and then communicate these notions as facts and these supposed facts may be more unfavorable than the real facts, but on these the membership acts and reacts. Recent studies in membership relations have shown, for example, that when cooperatives have not published information regarding salaries paid their officers, members have imagined that the salaries were as much as five times what they actually were and have criticized the management for being extravagant in the matter of paying the officers. No matter how unfavorable the facts are which are concealed, in the absence of real information, rumors will greatly exaggerate the situation and the atmosphere of suspicion and distrust resulting will be even more damaging than the unfavorable truth. Frankness will often dispel suspicion and give the membership the information on which to make necessary corrections and improvements. Facts and still more facts about the member's own organization will enable him to silence unfavorable rumors much better than will generalized discussions of cooperative marketing elsewhere, or long discourses on loyalty. A member can believe in cooperative marketing and still not believe in the efficiency of his own organization when he is not supplied with enough of the truth to prove its efficiency.

J. W. Jones.

### NEW STATISTICAL BULLETIN

A new bulletin dealing with the development and present status of Agricultural Cooperation in the United States is nearly ready for distribution. It is Technical Bulletin No. 40, entitled, "Agricultural Cooperative Associations, Marketing and Purchasing, 1925", prepared in the Division of Cooperative Marketing, Bureau of Agricultural Economics, U. S. Department of Agriculture.

This bulletin supersedes Department Bulletin, No. 1302, which is out of print. Considerable material of a historical character, as well as the latest available statistical information, is included in the new publication.

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### COOPERATION IN MISSOURI

"Cooperative Marketing for Missouri" is the title of a new bulletin from the College of Agriculture, University of Missouri. This publication is based on a survey of the farmers' associations engaged in the cooperative marketing of fruit, vegetables, grain, eggs, poultry, dairy products, livestock, cotton, and other products, and in the cooperative purchase of farm supplies. In addition to giving a picture of the situation in 1925 the authors have discussed the (1) Possibilities and limitations of cooperative marketing in the state, (2) Conditions moulding successful cooperation, (3) Forms of organization, (4) Membership relations, (5) Basis of efficient management, and (6) Cooperative growth and reorganization.

There were 1,068 active local associations in 1925 and 22 "non-local" associations. It is estimated that the local associations were serving 256,000 patrons and that the amount of business transacted in 1925 was \$130,150,000. The "non-local" associations reported business transacted to the amount of \$99,130,000 in 1925. A considerable portion of the business handled, however, was for farmers residing in Kansas, Nebraska, Iowa, Arkansas, and Illinois.

The list of active organizations included 463 livestock shipping associations, 86 grain elevators, 78 fruit and vegetable marketing associations, 8 associations for handling cotton, 6 creameries, 4 cheese factories, 6 milk marketing associations, 3 cooperatively operated warehouses, 228 produce exchanges handling eggs and poultry and supplies for farmers, also about 170 associations functioning in different capacities.

The group of large-scale enterprises studied included livestock sales agencies on the St. Louis, Kansas City, and St. Joseph markets, grain marketing associations at Kansas City, Mo., a federation of fruit associations, a cotton marketing organization and associations for assembling, grading, packing, and shipping poultry and eggs.

NEW BOOK TELLS OF FARM PROGRESS

Cooperative marketing is classed as one of the hopeful factors in the present agricultural situation in a recent book entitled "These Changing Times: A Story of Farm Progress During the First Quarter of the Twentieth Century." The author considers the questions whether agriculture has kept pace with other developments in the period covered, and whether it promises future progress. He marshalls an array of facts to present a clear picture of the situation, and draws conclusions which are interesting and encouraging.

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NEW PAMPHLET ON COOPERATIVE MARKETING OF WALNUTS

Historical and descriptive material dealing with the California Walnut Growers' Association, Los Angeles, has been published in a pamphlet entitled, "Standards of Marketing of the California Walnut Growers' Association." Among the sub-titles are, "Seventeen years of marketing standards," "Selecting and grading," "The brand a symbol of quality," and "Selling the walnut." The 35 pages of text and illustrations give the reader a vivid picture of the cooperative marketing of California walnuts.

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VOLUME FIVE COMPLETED

This is the last issue of Agricultural Cooperation in Volume V. An Index covering the 26 issues making up the 1927 volume is now being prepared and will be available after January 1 for those who make request for copies.

The first number of this circular was issued in November of 1922. Since then 132 numbers, consisting of more than 2,500 pages, including indexes, have been issued.

During the past five years the circular has been mailed to the leaders of the agricultural cooperative movement in the United States, Canada, and a number of foreign countries. It has also been sent to teachers and students interested in the movement, to bankers financing cooperatives, to attorneys concerned with the passage and interpretation of legislation dealing with cooperation, to court officials, to editors of farm papers, to clergymen interested in rural problems, to libraries in this country and in foreign lands, to state officials, and to a large number of directors, officers and members of cooperative enterprises in this country and in other countries where the English language is used. No charge is made for the circular.



### REPORTED BY THE ASSOCIATIONS

The paid up membership of the Nebraska Farmers' Union was 17,515 on October 31, 1927. This membership is distributed through 1,000 local units.

Thirteen cooperative milk-producing associations of Ohio and adjoining states have joined forces to organize a Central Dairy Council, in an effort to advance agricultural marketing conditions generally and to better dairy marketing conditions in Ohio.

After a lengthy discussion, the membership of the United Grain Growers, Ltd., at the annual meeting in Winnipeg, December 1, voted to continue the operations of the United Livestock Growers, Ltd., on the livestock markets of the prairie provinces at St. Boniface, Calgary and Edmonton, and also at Moose Jaw, if the directors considered it advisable to operate at that point.

A new organization known as the Carolinas' Sweet Potato Association, Florence, S. C., is the old South Carolina Sweet Potato Association, formed in 1919, enlarged and expanded to include North Carolina. During the 1926 season the business of the original association amounted to \$150,000; this season the enlarged association transacted business to the amount of \$190,000.

Creditors of the Illinois-Missouri Cooperative Milk Producers' Association, East St. Louis, Ill., are to receive 9.1 per cent of their claims in the final distribution of the assets of the bankrupt organization. More than 1,500 checks ranging from a few cents to \$40, and having a total value of \$9,381, are being distributed. Most of the checks go to farmers in settlement of claims for milk delivered.

Loans amounting to more than \$1,000,000 had been made up to December 1, by the Growers' Loan and Guaranty Company, Tampa, Fla., to local citrus associations and to grower members. Resources of the organization on that date were approximately \$1,700,000. Practically all the loans to growers are protected by insurance against frost and wind. The capital stock of the financing company is held by the Florida Citrus Exchange and other cooperative associations.

Cut flowers, plants, and hothouse vegetables, are the products marketed for its members by the Spokane Flower Growers' Association, Spokane, Wash. The membership includes about 90 per cent of the greenhouses in the Inland Empire of eastern Washington and northern Idaho, most of the greenhouses being located in the Spokane section. Products are marketed at wholesale and the volume of hothouse tomatoes is becoming so great that the association sometimes sells them in car load lots.



SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Account of the Organization, Structure and Functions of the Central (Wheat) Selling Agency. Western Producer, Saskatoon, Canada, November 24, 1927, p. 30.
- Briggs, M. J. Two Forms of Business Cooperation. Hoosier Farmer, Indianapolis, Ind., November 15, 1927, p. 4.
- Davis, R. C. Historical Sketch of Alabama Farm Bureau. Alabama Farm Bureau News, Montgomery Ala., December 1, 1927, p. 4.
- Erdman, H. E., and Wellman, H. R. Some Economic Problems Involved in the Pooling of Fruit. Berkeley, Calif., University of California, College of Agriculture, Bul. 432. 1927. 48 p.
- Gage, Ralph. Cooperation and Prunes. California Cultivator, Los Angeles, Calif., November 26, 1927, p. 564.
- History of the Alberta and Manitoba Wheat Pools. Western Producer, Saskatoon, Canada, November 24, 1927 p. 41.
- Koenig, Nathan. A Farmer Owned Market in New Jersey: How Monmouth County Farmers Cooperate to Sell to the Consumer. American Agriculturist, New York City, October 22, 1927, p. 1.
- Love, J. R. Organization Problems in the Marketing of Dairy Products. What Does Cooperative Marketing of Dairy Products Entail? The U. F. A., Calgary, Alberta, November 15, 1927, p. 18.
- Morse, Stanley F. Cutting Carolina Cotton Costs by Cooperation. Manufacturers Record, Baltimore, Md., November 10, 1927, p. 75.
- Rector, E. C. Livestock's to Bat: Concerted Effort Made to Increase Livestock Marketing. Ohio Farm Bureau Federation News, Columbus, Ohio, November, 1927, p. 3.
- Smith, Gordon L. Wool First Commodity Sold Cooperatively by Dominion-wide Body. Western Producer, Saskatoon, Canada, November 24, 1927, p. 44.
- Stirling, George E. Growth of Farm Organization. Western Producer, Saskatoon, Canada, December 8, 1927, p. 17.
- Tracy, E. J. Dairy Council's Purposes. Ohio Farm Bureau Federation News, Columbus, Ohio, November, 1927, p. 13.

### IN THIS ISSUE

	<u>Page</u>
Statistical studies:	
Many local grain-marketing associations.....	497
Fruits and vegetables:	
Prune and apricot growers considering reorganization(Calif.)..	498
California Peach Growers must readjust.....	498
Alabama truckers have their own market.....	499
Many beet growers join association (Colo.).....	499
Third years' work of Calavo Growers of California.....	500
Dairy products:	
Dairymen's League acquires plants in four counties.....	501
Canadian association adopts new plan for payment.....	501
Butter and casein societies in France.....	502
Cotton:	
Why members withdrew from Staple Cotton Association (Miss.)....	503
Refunds by Texas cotton gin.....	504
Tobacco:	
Another big payment for Burley Tobacco Growers (Ky.).....	504
Walnuts:	
Walnut association has long record of work (Calif.).....	505
Peanuts:	
Peanut association builds new warehouse (Va.).....	505
Livestock:	
Pictures of lamb and cattle pools available.....	506
Trucked-in stock at National Stock Yards (Ill.) .....	506
Campaign to further cooperative livestock marketing (Ohio).....	506
Hay and seed:	
Report of a North Dakota seed growers' association.....	507
Arizona association markets hay, grain and alfalfa seed.....	507
Foreign:	
Coordination of producers' and consumers' societies.....	508
Manitoba cooperatives hold convention.....	508
Legal:	
Liability of members of unincorporated associations.....	509
Some recent state statutes affecting cooperatives.....	509
Membership relations:	
Members need facts and still more facts.....	511
Publications:	
New statistical bulletin.....	512
Cooperation in Missouri.....	512
New book tells of farm progress.....	513
Pamphlet on cooperative marketing of walnuts.....	513
Volume Five completed.....	513
Selected list of publications and articles.....	515